

RE: Urgent

From: "Capeluck, Evan" <evan.capeluck@fin.gc.ca>
To: "Turcotte, Julie" <julie.turcotte@fin.gc.ca>, "Lee, Frank" <frank.lee@fin.gc.ca>, "Bilodeau-Fortin, Geoffroy" <geoffroy.bilodeau-fortin@fin.gc.ca>, "Torgunrud, Brian" <brian.torgunrud@fin.gc.ca>
Date: Tue, 22 Feb 2022 14:43:15 +0000

See changes/response in red below.

Sorry for the delay! I was just making sure I didn't misunderstand the changes to the numbers on Friday.

From: Turcotte, Julie <Julie.Turcotte@fin.gc.ca>
Sent: Tuesday, February 22, 2022 9:28 AM
To: Capeluck, Evan <Evan.Capeluck@fin.gc.ca>; Lee, Frank <Frank.Lee@fin.gc.ca>; Bilodeau-Fortin, Geoffroy <Geoffroy.Bilodeau-Fortin@fin.gc.ca>; Torgunrud, Brian <Brian.Torgunrud@fin.gc.ca>
Subject: RE: Urgent

Any changes on this? I need to send to Rhys as the DM is about to call ☺
Thanks!

From: Turcotte, Julie
Sent: Tuesday, February 22, 2022 9:09 AM
To: Capeluck, Evan <Evan.Capeluck@fin.gc.ca>; Lee, Frank <Frank.Lee@fin.gc.ca>; Bilodeau-Fortin, Geoffroy <Geoffroy.Bilodeau-Fortin@fin.gc.ca>; Torgunrud, Brian <Brian.Torgunrud@fin.gc.ca>
Subject: RE: Urgent

Good points!

On your first comment: Can you formulate a sentence that is adequate? I just want to make sure that there is something that speak to the uncertainties regarding the catch up of production (pace and extent – as alluded by Scotia). **Done**

On your second comment: Is the 0.1/0.2p.p. impact on 2022Q1 growth, is that based on Transport estimate? Or directly using the impact to auto production? **They are our “best guess” estimates for the GDP impact of the Emerson, Coutts and Ambassador blockades. They start with Transport Canada's Scenario 1 impact for the Ambassador blockade (\$45m/day). They assumes 3-week duration for Coutts, 1-week duration for Ambassador, and 1-week duration for Emerson. The daily cost of Coutts/Emerson are scaled-down versions of the \$45m/day based on relative trade flows. All scenarios assume half of the impact is offset through catch-up production in the four weeks after the blockades end. The 0.2 upper-bound is consistent with the full \$45m/day, while the 0.1 lower-bound is consistent with half of that amount (just to give a range).**

I will send you an email on the backgrounder... **We can add a table.**

From: Capeluck, Evan <Evan.Capeluck@fin.gc.ca>
Sent: Tuesday, February 22, 2022 9:03 AM
To: Lee, Frank <Frank.Lee@fin.gc.ca>; Turcotte, Julie <Julie.Turcotte@fin.gc.ca>; Bilodeau-Fortin, Geoffroy <Geoffroy.Bilodeau-Fortin@fin.gc.ca>; Torgunrud, Brian <Brian.Torgunrud@fin.gc.ca>
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Looks good. A couple minor comments:

- Yellow-highlighted text: The Q2 rebound mostly comes from the shock fading away, not catch-up production. In fact, catch-up production is likely to be concentrated in late February and March, and so it would largely show up as a smaller drag in Q1 (and therefore a smaller rebound in Q2).
- Red text: Do we want to single out “the auto plant shutdowns” or just say the “border blockades”?

-----Original Message-----

From: Lee, Frank <Frank.Lee@fin.gc.ca>

Sent: Tuesday, February 22, 2022 8:52 AM

To: Turcotte, Julie <Julie.Turcotte@fin.gc.ca>; Capeluck, Evan <Evan.Capeluck@fin.gc.ca>;

Bilodeau-Fortin, Geoffroy <Geoffroy.Bilodeau-Fortin@fin.gc.ca>; Torgunrud, Brian

<Brian.Torgunrud@fin.gc.ca>

Subject: RE: Urgent

Looks good with me.

-----Original Message-----

From: Turcotte, Julie <Julie.Turcotte@fin.gc.ca>

Sent: Tuesday, February 22, 2022 8:50 AM

To: Lee, Frank <Frank.Lee@fin.gc.ca>; Capeluck, Evan <Evan.Capeluck@fin.gc.ca>; Bilodeau-

Fortin, Geoffroy <Geoffroy.Bilodeau-Fortin@fin.gc.ca>; Torgunrud, Brian

<Brian.Torgunrud@fin.gc.ca>

Subject: RE: Urgent

Hi,

See below... I was looking again at the note/estimates, what about as follow? Comfortable with that, you can back that up if needed?

The blockades - delaying about \$511 million per day in traded goods and increasing shipping costs – occurred at a time when supply chains were already under significant stress from the pandemic, and were highly disruptive to Canada-U.S. trade flows. A major impact of the blockades on real GDP has been the loss of production of autos and parts, with an estimated 10% decline in February auto production alone. With businesses already suffering parts shortages, it could take weeks, if not months to recoup the lost production. With the current information up to February 18, we estimate that **the border blockades** could knock off about 0.1 to 0.2 percentage points off real GDP growth in 2022Q1, **with a similar rebound expected in 2022Q2. The ultimate impact will, among other things, depend on ability of affected businesses to increase production beyond normal levels to catch up on lost output in the coming weeks.** Blockades at major border crossings may also have indirect effects on other sectors with linkages to affected businesses (e.g. customers or suppliers), as well as broader macroeconomic effects driven by job losses, reduced incomes, and higher costs for businesses and consumers.

-----Original Message-----

From: Mendes, Rhys <Rhys.Mendes@fin.gc.ca>

Sent: Monday, February 21, 2022 10:37 PM

To: Turcotte, Julie <Julie.Turcotte@fin.gc.ca>

Subject: FW: Urgent

Importance: High

Julie,

See below. I would think it is something like the Scenario 1 that you shared with me last week (-0.03 on the level in Q1, reversed in Q2). But please give me the team's best estimate as early as possible tomorrow morning.

Thanks!

Rhys

-----Original Message-----

From: Sabia, Michael <michael.sabia@fin.gc.ca>

Sent: Monday, February 21, 2022 9:57 PM

To: Mendes, Rhys <Rhys.Mendes@fin.gc.ca>

Subject: Urgent

Rhys

Minister needs your best ballpark estimate of the costs of the blockades on the economy – by tomorrow morning not later than 10:30.

Yes, a bit bizarre. But that's what she needs. Can you send me a guesstimate?

Michael.

Sent from my iPhone